

Energy Opportunities

An Interview with Maya Hristova,
Chief Executive Officer, Bulgarian Energy Holding EAD

EDITORS' NOTE *Maya Hristova is also a member of the Board of Directors and has held her current post since June 2010. She is Chairman of the Board of Directors of South Stream Bulgaria AD and member of the Steering Committee of Nabucco Gas Pipeline International GmbH. Hristova has been appointed as Administrative Board Alternate of ACER. From August 2009 until June 2010, she was a deputy minister at the Ministry of Economy, Energy and Tourism and Chairman of the Board of Directors of Bulgarian Energy Holding EAD. Hristova has an M.D. in Economics from the University of National and World Economy and a post-graduate degree in Law from the same university. Hristova started her career as an auditor at PriceWaterhouseCoopers, Bulgaria. She held management positions with USAID and was Country Manager at KEMA Consulting GmbH, Bulgaria. In 2008, she became Managing Partner for TPA Horwath in Bulgaria.*



Maya Hristova

the electricity and gas sector and consequently to ensure provision of competitive energy products to Bulgarian consumers and the Bulgarian economy.

In light of these framework goals, we aim to make sure that BEH investment participation in strategic electricity and gas projects is based on clear and forward looking analysis of long-term investment returns, positive impact on security of energy supply, and on the price competitiveness of produced electricity and imported natural gas. As an investor, BEH has become an attractive partner in a regional

context since we are a well-capitalized, strategic actor in the Bulgarian electricity and gas sector. Our current investment policy builds on these strengths.

In the medium term, we are aiming to make sure that the Bulgarian gas transmission system is interconnected with the neighboring gas systems. This will provide the Bulgarian and the regional SEE gas market with early access to Caspian, Middle Eastern gas but also LNG through the Greek and Turkish re-gasification terminals. BEH is directly involved in the Greece-Bulgaria gas interconnection project as a partner with IGI Poseidon. A joint venture company will build and operate the pipeline. Our subsidiary, Bulgartransgaz EAD, is in the process of building an interconnection with the Romanian gas transmission system. We will thus aim to develop a more competitive and reliable gas supply within the Bulgarian and regional SEE gas market.

Furthermore, in terms of strategic long-term development of the Bulgarian gas sector, we will aim to enhance our gas transit potential and revenue but also ensure that Bulgaria is directly connected with its main existing and future suppliers. In that light, as an investor partner, BEH is committed to the completion of the Nabucco project and also to making Bulgaria part of the South Stream gas supply system from Russia.

The development of a competitive, environmentally efficient electricity market in Bulgaria and SEE remains our framework goal in the electricity sector. Bulgaria and the region face significant challenges in terms of making a transition to a less carbon intensive generation from the current heavy reliance on lignite and coal. We should also take into consideration the decommissioning of older units in the next decade. In that respect, we will ensure secure, zero emission supply to Bulgaria and SEE. We are also committed to enhancing where possible our

hydro-generation potential, notably in Southern Bulgaria and, potentially, the Danube river.

The EU regulatory model of electricity and gas market openness and liberalization will naturally guide our corporate policies. The third liberalization package to be implemented from March 2011 will lead to certain steps towards the restructuring of our group. Nevertheless, any restructuring model will continue to be based on maintaining operational efficiency of our current subsidiaries and enhancing our capacity to continue to be an attractive investment partner in building strategic gas and electricity infrastructure.

What are the main strengths of BEH?

The key strength of our group is the ability to make sure that our subsidiaries closely follow the goals and objectives of the Bulgarian national and EU energy policy. As a corporate center, BEH is able to set unified priorities in terms of good governance and investment efficiency within the group, while keeping the operational independence of the subsidiaries.

What message would you like to give to potential investors, funders, and the European Community about Bulgaria and BEH?

Bulgaria is clearly a highly attractive investment destination owing to the major long-term growth opportunities in the national and SEE gas and electricity market. Our message to the EU, funders, and potential investors is that we will continue to rely on their long-term support in maximizing the return of future investments in a fast developing portion of the European energy market, i.e. SEE. We will continue to develop our capacity as a reliable investment partner and enhance strategically crucial synergies of EU political and financial support and financing from international financial Institutions (IFIs) and other funders.

EU and IFI project financing remains indispensable for the development of energy infrastructure enhancing supply security and market competitiveness amid a credit environment that remains challenging. This especially applies to the SEE region where market and regulatory risks are sometimes perceived as more pronounced, which impacts actual access to and costs of financing. In 2009 and 2010, we have had key examples of the vital role played by EU and IFI support in terms of boosting regional project execution. The European Energy Programme for Recovery practically has kick-started regional gas interconnection projects among Bulgaria, Greece, and Romania and has thus provided much needed financial and political backing for security of supply and market opening in the region. ●

COMPANY BRIEF *A 100 percent state-owned company, Bulgarian Energy Holding (www.bgenb.com) manages the assets of companies engaged in power generation, transmission and wholesale supply, natural gas transmission, storage and wholesale supply, mining, and telecommunications. It is one of the largest energy companies in the region and national energy leader in the fields of electricity and gas. The number of employees is around 22,000.*

Would you briefly introduce the Bulgarian Energy Holding?

Bulgarian Energy Holding (BEH) is 100 percent owned by the Bulgarian state. In terms of assets, we are one of the largest energy groups in Southeast Europe. The BEH asset portfolio has been designed to ensure a direct role in key segments of the electricity and gas sectors in Bulgaria with a view towards effectively releasing the essential goals of Bulgarian and EU energy policy – namely security and reliability of energy supply, price competitiveness of produced and traded electricity and gas, and improvement of the environmental efficiency of energy generation.

What are the main projects that Bulgarian Energy Holding is currently running?

BEH was created with the aim to improve the efficiency, transparency, and good corporate governance of strategic state-owned assets in